



Technology, Media & Telecommunications (TMT) Presents:

Social Networks: The Evolution of Community in the Media

Ed Moran, Barry Libert, Mike Daecher

January 31, 2007

Audit • Tax • Consulting • Financial Advisory •

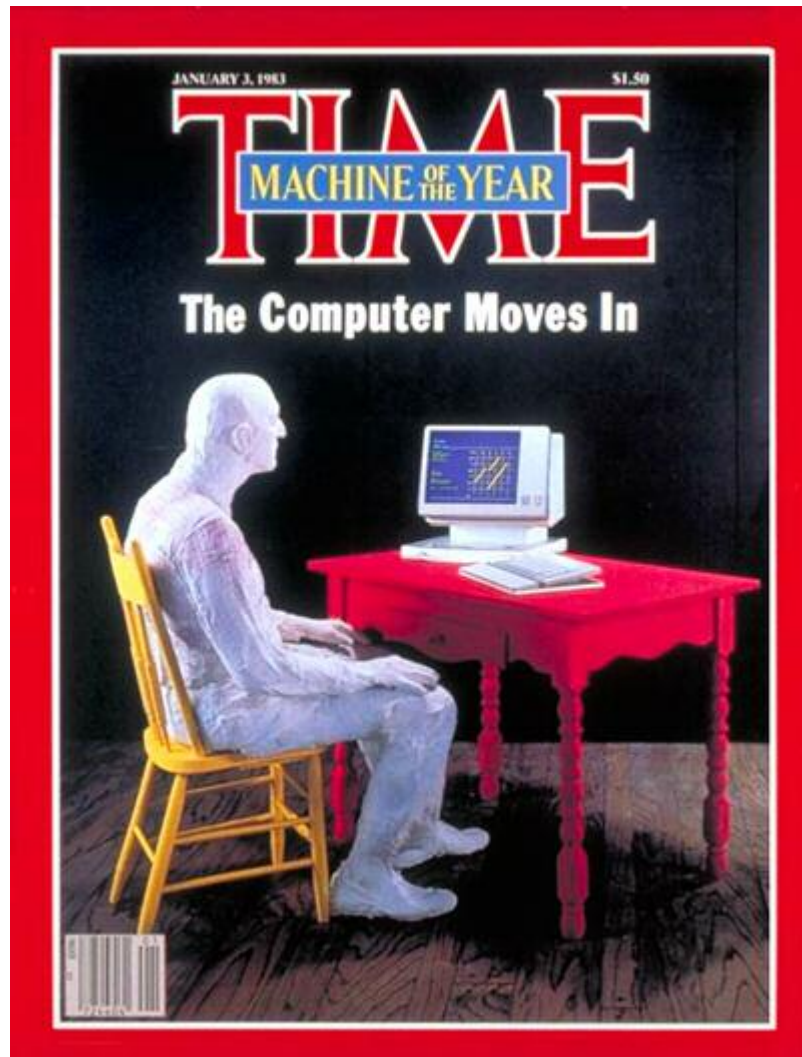
Today's Presenters

- Ed Moran, Deloitte Services, LP
 - Director of Product Innovation, Tri-State TMT Convergence Leader
- Barry Libert, Shared Insights
 - Chief Executive Officer
- Mike Daecher, About.com
 - Senior Vice President, Content & Guide Operations

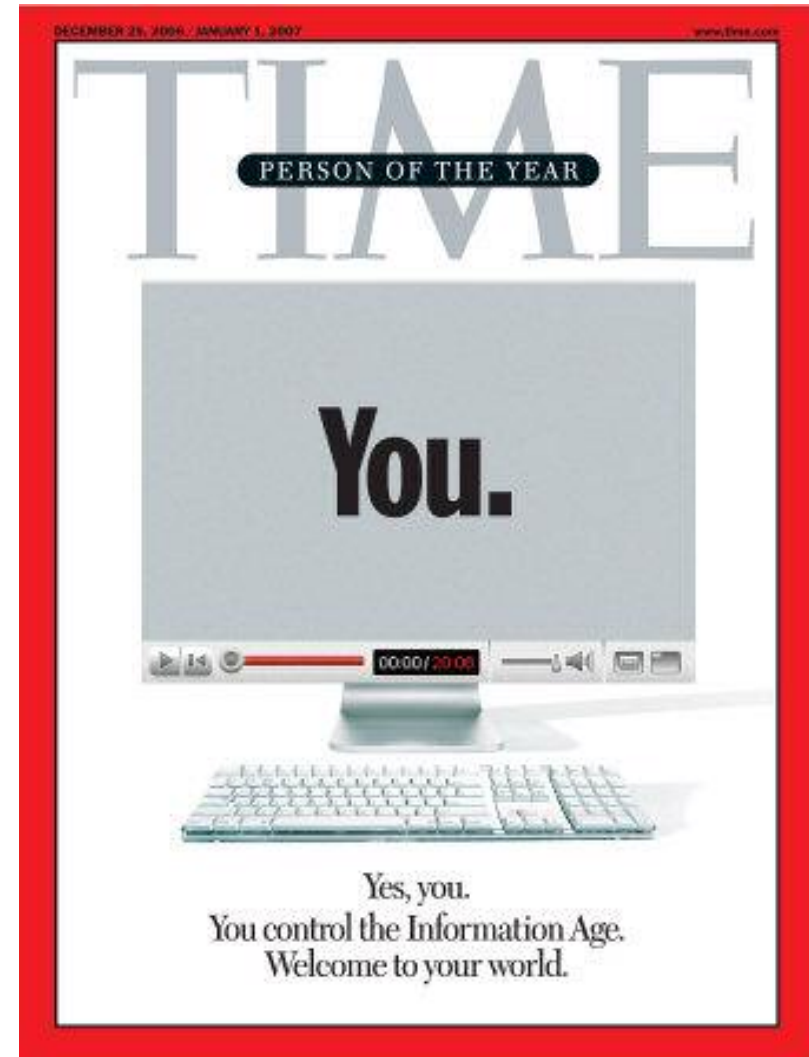
Agenda

- The Opportunities and Challenges of Community
 - Data Points
 - Generational Issues
- Recent Trends in Community M&A and Investment
 - M&A and Investor Interest in Community
 - Community Opportunity
- Functionality and Beyond: Seven Rules for Success
- About.com's Success in Leveraging Community

1982: The PC



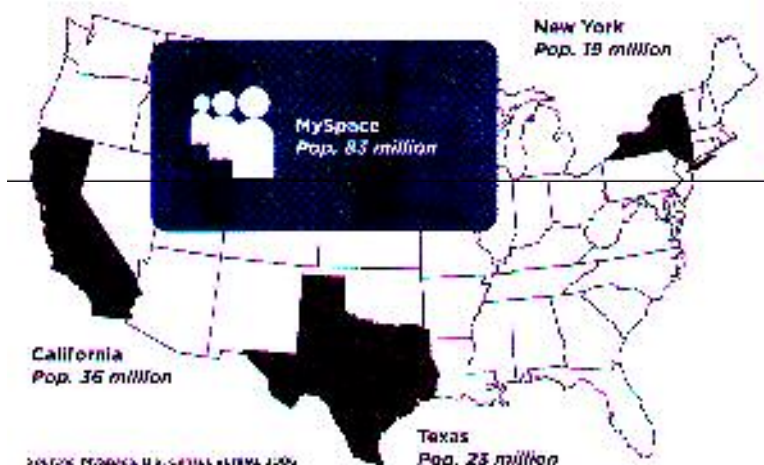
2006: The User



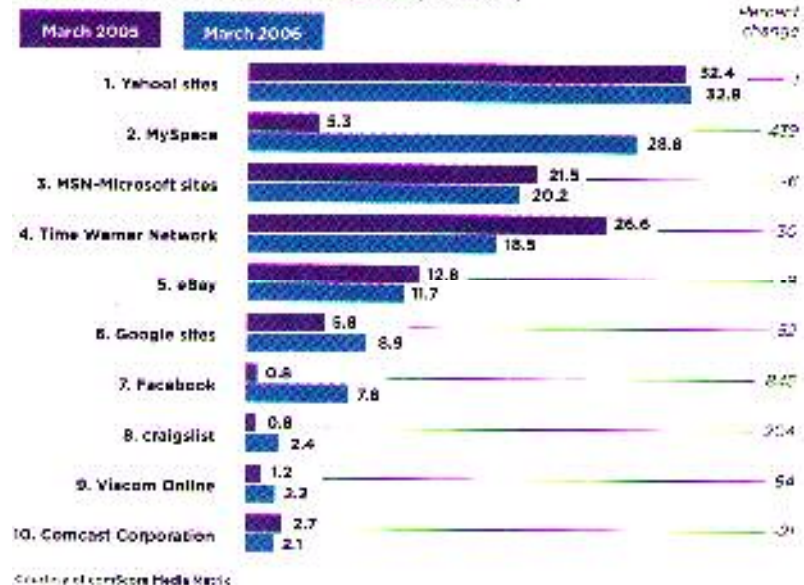
Social Networking Today: Key Data Points

THE STATE OF MYSPACE

Currently, the number of MySpace registered users exceeds the combined populations of the three most populous states: California, Texas, and New York. Its 83 million users even exceed the entire U.S. population in 1900 (76 million).



PAGE VIEWS PER MONTH (in billions)



Source: PC Magazine (7/2006)

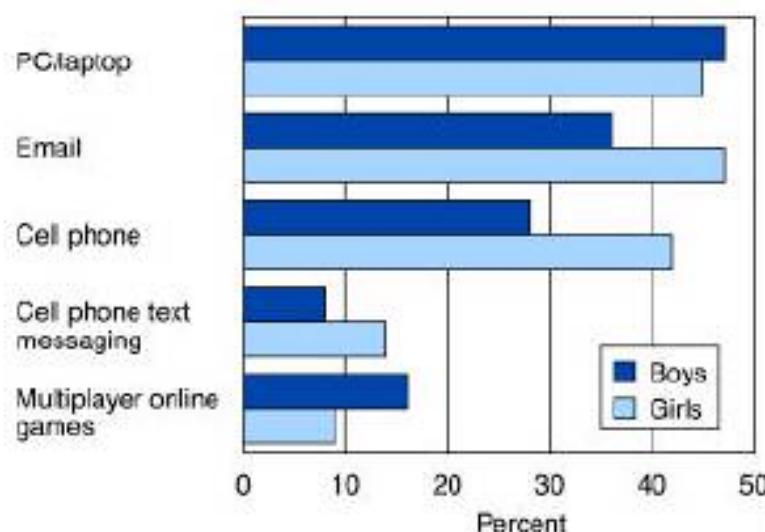
Generational Issues in Community Formation

- Four generations exist side by side in today's marketplace: Veterans, Baby Boomers, Gen X and Gen Y.
 - Veterans born before 1946
 - Boomers born from 1946 to 1964
 - Gen Xers born from 1965-1980
 - Gen Yers (Millennials) born after 1980
- There are significant differences in how quickly and completely these groups embrace technology and how they learn and communicate
 - Gen Yers prefer to learn in teams or networks, using multimedia, and learning experientially (like video gaming)
 - Gen Y decision-making is much more collaborative



Generational Issues: Technology Use

*More Girls Use Communication Technologies Frequently
(Percent who use ___ several times a day)*



*Most Youth Are Active Users of Social-Networking Technologies
(Percent who use ___ technology)*

	Several times a day	Almost everyday
PC/laptop	46	31
E-mail	42	36
Cell phone	36	15
Instant messaging	35	23
Text messaging	11	8
Multiplayer online games	6	12

Source: Institute for the Future/Deloitte Youth Survey, 2003.

Source: Institute for the Future/Deloitte Youth Survey, 2003.

Generational Issues: SN Not For Kids Only

Demographic Profile of Visitors to MySpace.com Percent Composition of Total Unique Visitors August 2006 vs. August 2005 Total U.S. – Home/Work/University Locations			
	MySpace.com		
	Percent (%) Composition of Unique Visitors		
	August 2005	August 2006	Point Change
<i>Unique Visitors (000)</i>	21,819	55,778	
Total Audience	100	100	0
Persons: 12-17	24.7	11.9	-12.8
Persons: 18-24	19.6	18.1	-1.4
Persons: 25-34	10.4	16.7	6.2
Persons: 35-54	32.4	40.6	8.2
Persons: 55+	7.1	11	3.9

Source: comScore Media Metrix (10/2006)

Polling question #1

If your company presently sponsors an online community, who is its target audience?

- Employees
- Customers
- Business Partners
- More than one of the above audiences
- Not applicable – my company doesn't sponsor an online community
- Don't know

Research Confirms ROI of Community

- Marketing Effectiveness & Customer Loyalty

- Spent 54% more money
- Contribute more than 9 times as often as nonusers
- Remain twice as loyal
- Buy almost twice as often

eBay Case Study – Harvard Business Review, November 2006
The McKinsey Quarterly, 2002

- HR Recruiting & Retention

- Helpful with hiring back former workers and strengthening bonds with “alumni-cum-possible clients”
 - Boomerangs [former employees] cost less to train than new hires
 - Goldman Sachs and Deloitte run their own online alumni networks

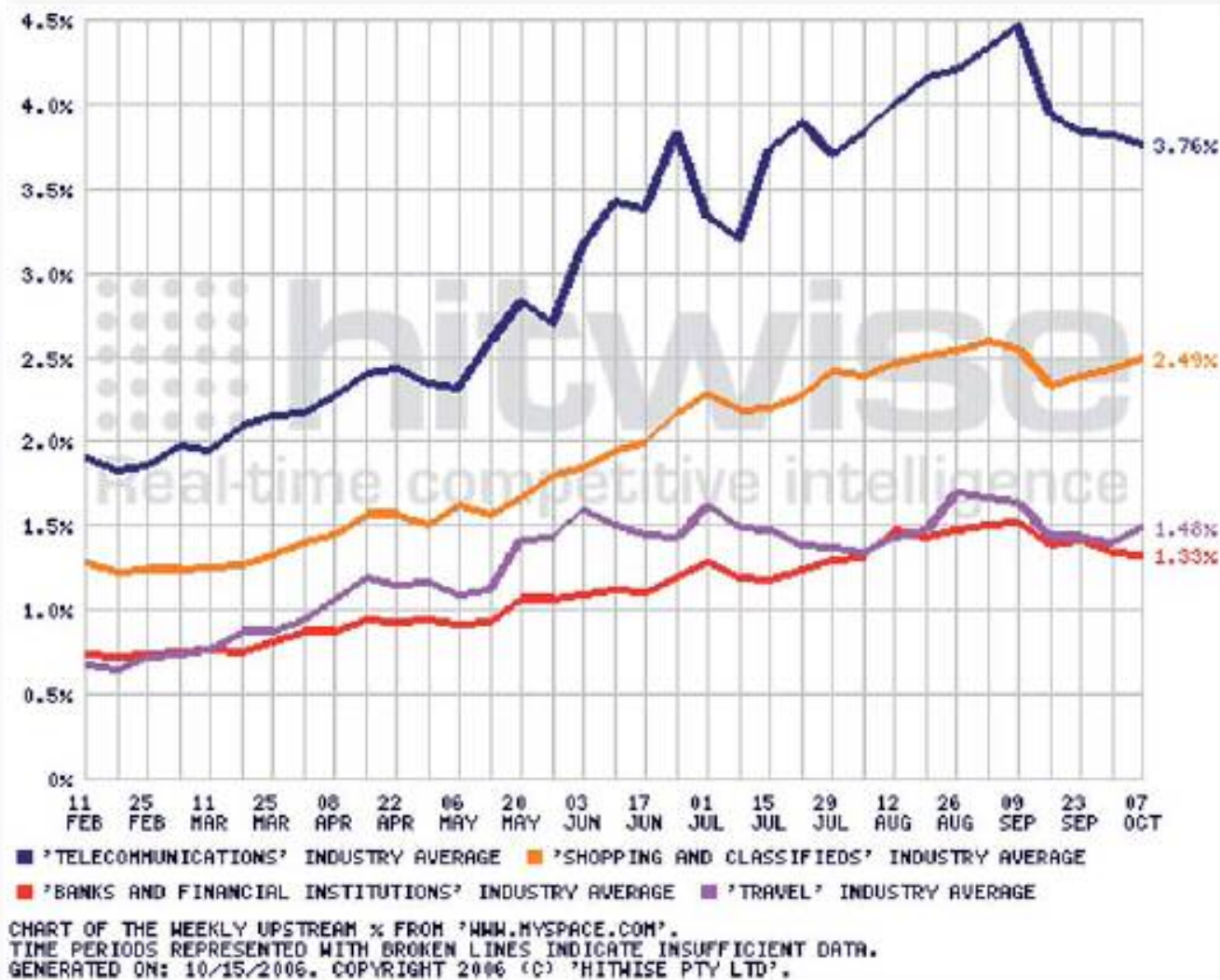
Business Week, September 11, 2006

- Product Innovation & Development

- Employees use e-mail, text messaging and even blogs and wikis as a way to communicate and share information
- Knowledge management (KM) tools offer themselves for casual involvement
- KM solutions facilitate sharing/reuse and work across new interaction channels

CIO Magazine, December, 2006

Percentage of Traffic from MySpace to Commercial Websites (Feb to Sept. 2006)



Source: Hitwise US Consumer Generated Media Report, November 2006

M&A Transactions of Note

- MySpace (NewsCorp buyer; \$580 MM)
- YouTube (Google buyer; \$1,650 MM)
- Grouper.com (Sony buyer, \$65 MM)
- eCrush.com (Jan. 2007; Hearst Corporation buyer; \$?)



Other Recent Investments in Community

- Friendster raised \$10 MM
- Facebook raised \$25 MM
- LinkedIn raised \$15 MM;
currently raising \$13 MM
more
- Visible Path raised \$17 MM
- SimplyHired raised \$3 MM
from News Corp.
- Sermo (physician
community) raised \$9.5 MM
- Piczo raised \$11 MM (Jan.
2007)



Public Markets Also See Value in Community

<u>PR Ratio</u>		<u>PE Ratio</u>
9.84	Communities	32.54
4.85	Software	18.21
3.05	Content	11.92
0.97	Experts	8.52
1.15	Infrastructure	12.49

Polling question #2

If your company doesn't sponsor an online community, is your company planning to develop one?

- Yes, within 2007
- Yes, sometime after 2007
- No, not planning to develop an online community
- Not applicable; my company already sponsors an online community
- Don't know

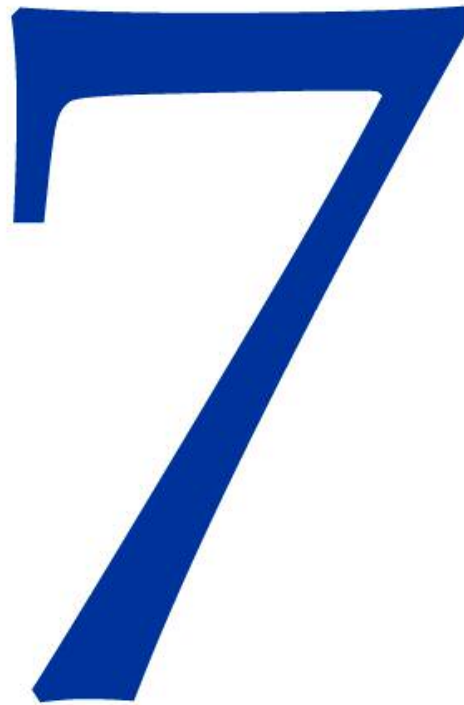
Looking Forward: Community Opportunities to Consider

- If you're seeing fragmentation, that is an opportunity to develop several communities where only one previously existed. Will tell you much about what your next product might look like, and what sort of job your customer is trying to get done
- Active communities empower you to be more flexible in marketing -- market what emerges as popular in the community, and take marketing resources away from what the audience is ignoring
- Online communities may well become the your most important tool in understanding the customer experience with your product or service
- The relative permanence of community, and the time it takes to develop a community, may be one of the few sustainable competitive advantages any business can create in an increasingly fast-moving, global business environment.



Seven Rules For Success...

...It's not all about tools and functionality!!

A large, bold, blue number 7 is positioned on the left side of the slide, serving as a visual anchor for the list of seven rules.

1. Technology is not enough
2. Gain leadership buy-in
3. Think big, but start small
4. Build a well-defined pilot
5. Invite a few... and then grow
6. Keep it fresh... program continually
7. Be prepared to surrender control

#1: Technology is not enough



#2: Gain leadership buy-in



- Strategy
- Resources
- Schedule
- Metrics
- Technology
- Legal

#3: Think big, but start small

Identify a corporate sponsor...

- **Sales – lead generation**
- **Marketing- word of mouth relations**
- **Call center – customer self-service**
- **Market research – product innovation**
- **HR – employee retention**
- **Technology – project management**

...with a clearly defined need!

#4: Build a Well-Defined Pilot

- Target a product or service
- Identify the community
- Determine community needs
- Know community preference
 - **On-line, in-person, by-phone**
- Build your community team
- Create community budget
- Design the programming
- Begin the journey

#5: Invite a few... and then grow



#6: Keep it Fresh... Program Continually

TV Listings

	<< 8:00 pm	8:30 pm	9:00 pm	9:30 pm	10:00 pm	10:30 pm >>
2 · WGBH	Antiques Roadshow CC TVG		American Experience CC DVS TVPG		The Power of Choice: The Lif... CC TVG >>	
4 · WBZ	How I Met Your Mother Repeat CC TVPG	The Class Repeat CC TVPG	Two and a Half Men Repeat CC TV14	The New Adventures of Old Ch... Repeat CC TVPG	CSI: Miami Repeat CC TV14	
5 · WCVB	Wife Swap Repeat CC TVPG		Supernanny CC TVPG		What About Brian CC TVPG	
7 · WHDH	Deal or No Deal CC TVPG		Heroes CC TV14		Studio 60 on the Sunset Strip CC TV14	
13 · WFXT	Prison Break CC TV14		24 CC TV14		Fox 25 News at 10 CC	
35 · USA	Law & Order: Special Victims... CC TV14		WWE Monday Night RAW CC TV14 >>			
49 · ESPN	<< College Basketball CC (7:00)				College Basketball CC >>	
50 · ESPN2	<< Women's College Basketball CC (7:00)				Arm Wrestling	Arm Wrestling
62 · SCIFI	Star Trek: Enterprise CC		Star Trek: Enterprise CC		Star Trek: Enterprise CC	
301 · HBO	<< The Wedding Date CC (PG) ** (7:30)		Rome CC TVM		Jarhead CC (R) *** >>	

#7: Be prepared to surrender control

Community

Web 2.0

Moderators

Transparency



Polling question #3

If your company were to develop an online community, what would be its primary goal?

- Lead generation
- Customer service
- Product development
- Marketing of existing product
- More than one of the above choices
- Don't know/not applicable

Content & Community: Key Factors to About.com's Success

- Founded in 1996, About.com is a **top 10 content site** for consumer advice and information
- **47 million users worldwide** (Source: About Metrics); 32 million uniques in the U.S (average; Nielsen//NetRatings).
- Consistently places among the top sites for key industry verticals, including **health, parenting, food and technology**
- Library of over **1.5 million** pieces of content
- Comprised of a network of more than **590 Guides** -- freelance writers who are passionate about their topic areas, and have deep expertise and credentials in their fields.
- About.com is part of the **New York Times Company**—relationship helps to establish About.com as a credible resource

Why Is Community So Important to About.com?

- **Our audience demands it**
 - The typical About.com reader: Working mom, 41 years old, homeowner, at least one child at home
 - More than twice as likely to seek/give advice online than the US average (*Source: @Plan - Fall 2006*)
- **Our business demands it**
 - Key driver of audience growth / retention
 - More frequent visits
 - Longer visits
 - More page views
 - Grows CPC / Display ad inventory

Example: pregnancy.about.com

- Guide has expert credentials (postpartum educator, certified doula, lactation counselor, and mother of seven)
- Uses e-courses, user generated content, and forums to drive engagement
- Community adds additional insight / points-of-view, moderated by the Guide
- Return visits make it the #1 site on About.com

The screenshot displays the 'About: Pregnancy & Childbirth' website. The main header features the 'About' logo and the site title. Below this, a navigation menu on the left lists categories like 'Parenting & Family', 'Pregnancy / Birth', and 'Essentials'. The main content area is titled 'Childbirth Class Online' and features a section for 'Second Trimester Belly Gallery - Pregnancy Photos'. This section includes a 'Start Here' button and a grid of six photos of pregnant women, each with a caption indicating the week of pregnancy (e.g., '25 Weeks - Belly Gallery', '18 Weeks', '20 Weeks - Belly Gallery', '21 Weeks Pregnant', '17 Weeks Pregnant', '25 Weeks Pregnant'). A 'Graphic Index | Text Index' link is also visible.

Example: Special Event Coverage

- Partnership with NBC to provide “layman’s” coverage of Winter Olympics



- Readers responded to authenticity of James' voice

[< Homebodies](#) | [Main](#) | [Thanks, Torino!](#) >



It's over, and the Olympics ended in spectacular fashion last night with a fireworks display that set the skies on fire for a considerable period.

I've put together a little gallery of the pyrotechnics from the Closing Ceremony. These were taken from the Media Village just across the street from the Olympic Stadium.

It was awesome, not to mention loud. Check out the

[Olympics Fireworks Pictures.](#)

Monday February 27, 2006 | [comments \(12\)](#)



- Blog comments gave users a voice in NBC's Olympic coverage



- Drove traffic to NBC Olympics

New Solutions For Ad Clients

- Advertisers want to reach “influencers” in a community
- Engagement a key indicator of value for clients
- Opportunity to align brand with trusted content and user interaction

The image is a screenshot of a promotional page on the About.com website. At the top, the 'About' logo is followed by the text ': 48 Hours in Las Vegas'. Below this, a small line of text reads: 'Special Promotional Section: The About.com content contained in this special promotion was created with no input from the advertiser.' The main banner features the text '48 hours in Las Vegas' in a large, stylized font, with a subtitle 'The restaurants, casinos and attractions you shouldn't miss.' To the right of the text is a photograph of three people (two women and one man) smiling and laughing. In the top right corner of the banner, there is a link that says 'E-mail This'. Below the banner, there is a section titled 'The Best Vegas Hotels' with the text 'Where do you want to stay? Check out the coolest hotels in Las Vegas, whether you're traveling for business, family, or pleasure.' Below this, there is a smaller section titled 'Vegas with a Touch of Class' with the text 'We decided to pamper ourselves this trip and stay in the lovely Bellagio. It was SO worth it!'. To the left of this text is a small photograph of a couple. At the bottom of the page, there are two buttons: 'Read full confession' and 'Submit your confession'.

About : 48 Hours in Las Vegas

Special Promotional Section: The About.com content contained in this special promotion was created with no input from the advertiser.

48 hours in *Las Vegas*

The restaurants, casinos and attractions you shouldn't miss.

The Best Vegas Hotels

Where do you want to stay? Check out the coolest hotels in Las Vegas, whether you're traveling for business, family, or pleasure.

Vegas with a Touch of Class

We decided to pamper ourselves this trip and stay in the lovely Bellagio. It was SO worth it!

[Read full confession](#)

[Submit your confession](#)

Polling question #4

If your company has decided not to sponsor an online community, which factor has been the primary impediment?

- Legal concerns
- Branding concerns
- Lack of internal ability to develop the community
- Concerns that it would be too expensive to build
- Not applicable as my company is sponsoring/plans to sponsor an online community
- Don't know

Contact info

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Questions & Answers

Join us February 28th at 1 PM ET as our
Technology, Media &
Telecommunications group presents:

Time for a Change? How New IRS Regulations Impact Transfer Pricing

Thank you for joining
today's webcast.

To request CPE credit,
click the link below.



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